

The Vehicle Use Tax is a tax imposed on the use of motor vehicles acquired by gift, transfer, or purchase. See 86 Ill. Adm. Code 151.101. (This is a GIL.)

April 24, 2006

Dear Xxxxx:

This letter is in response to your letter dated April 5, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I would like to request a legal ruling letter related to use tax charged to ABC related to the sale of 4 vehicles to an independent organization, XYZ.

Here are the salient facts:

On February 23rd COMPANY (a wholly owned subsidiary of ABC), agreed to the sale of certain assets of the Business. A copy of that Agreement is attached.

Included in that asset sale were 4 vehicles located in Illinois (see the attached Bill of Sale of Personal Property listing).

On February 28th, ABC wired funds to ABC's leasing company and BUSINESS transferred title to ABC. ABC at no time took possession of the vehicles, as they immediately were taken possession of by XYZ.

In order to get title transferred to XYZ, ABC, went to the Secretary of States office. ABC had to first put the title in ABC's name, and as a result the Secretary of States office collected sales tax from ABC in the amount of \$6698.72.

I request a ruling on this sales tax liability. Since ABC never intended to, nor never did take possession of the vehicles, sales tax should only be charged on the purchase of the trucks by XYZ.

If you have any further questions, I can be reached at #.

DEPARTMENT'S RESPONSE:

The Vehicle Use Tax is a tax imposed on the use of motor vehicles acquired by gift, transfer, or purchase. See 86 Ill. Adm. Code 151.101. When ABC took title to the motor vehicles, ABC became subject to Vehicle Use Tax as the title-holder/owner of those motor vehicles.

It is the Department's opinion, therefore, that the Vehicle Use Tax was properly imposed when the motor vehicles were transferred to ABC.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk